

The following is a letter I sent to my Democratic colleagues on September 29th pointing out the significant flaws in the bailout legislation

The Executive Compensation Limits have Major Loopholes: They are no Band-Aid for a Bailout

September 29, 2008

Dear Democratic Colleague:

If you are considering voting for the bailout because the bill requires the CEOs of Wall Street to take a pay cut, you will be sorely disappointed. I found seven loopholes that will protect their outrageous paychecks and golden parachutes. Imagine how many more loopholes the Wall Street lawyers will find to protect their CEOs pay check. Oppose the bailout.

1- Executive Compensation Loophole #1: Limits on incentives and bonuses can only be set on corporations that we directly purchased assets from and receive an equity stake from. (Sec. 111 (b)1) [Page 29-30]

2- Executive Compensation Loophole #2: Limits on golden parachutes are avoided if a corporation only sells the government under \$300 million worth of bad assets through an auction. (Sec 111(c) [Page 31-32]

3- Executive Compensation Loophole #3: Limits on golden parachutes on current employees are avoided if a corporation only sells the government its bad assets through an auction. (Sec 111(c) [Page 32]

4- Executive Compensation Loophole #4: Limits on golden parachutes are not applied to any

corporation that upon dumping is bad assets on the taxpayer returns to profitability. (Sec 111(c))
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5- Executive Compensation Loophole #5: No limits on corporate deductions for executive salaries under \$500,000. (Sec 302(d)1) [Page 99]

6- Executive Compensation Loophole #6: New limits on corporate deductions for executive salaries are waived if assets acquired from corporation are under \$300 million. (Sec 302(a))
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7- Executive Compensation Loophole #7: New limits on corporate deductions for executive salaries are waived if assets acquired from corporation are purchased directly. (Sec 302(a))
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Sincerely,

Peter DeFazio

Member of Congress